

MINUTES

VIRGINIA SMALL BUSINESS FINANCING AUTHORITY BOARD OF DIRECTORS - LOAN MEETING

June 19, 2013 - 12:00 P.M.

Jefferson Building
1220 Bank Street, 2nd Floor Board Room
Richmond, Virginia

- I. Board Members Present: Mr. Song Park, Ms. Don□a Storey, Mr. Bob Young (on behalf of the Honorable Manju Ganeriwala), Mr. Jim Thomas, Mr. Michael Joyce, Ms. Monica Rao, Mr. John Jacquemin, and Mr. Shawn Boyer

Board Members Absent: Mr. Prescott Sherrod, Ms. Tonya Mallory, and Mr. Peter Su

Others Present: Mr. Kevin White (Kaufman & Canoles), Mr. Michael Day (Jones Day), Mr. Mike McNeely (Bon Secours Health System, Inc.), Mr. Dean Pope and Ms. Shannon Fyfe (Hunton & Williams), Mr. Richard Heiman (Virginia Historical Society), Ms. Charlotte Mullins, Mr. Freddie Mullins, and Mr. Leman Kendrick (Dickenson County IDA), Mr. Don Ferguson (Senior Assistant Attorney General), Mr. Scott Parsons, Ms. Barbara Carter, Ms. Patricia Musial, Ms. Anna Mackley, Ms. Linda Gilbert, Ms. Mary Jo Sisson-Vaughan, and Ms. Patricia Thorne

- II. Approval of Minutes - On a motion by Mr. Young, seconded by Ms. Storey, the minutes of the April 17, 2013 Board of Directors - Loan Business Meeting were unanimously approved. Voting Aye: Chairman Park, Vice Chairman Joyce, Mr. Young, Ms. Storey, and Ms. Rao. Voting No: None. (Mr. Boyer, Mr. Jacquemin, and Mr. Joyce were not present for the vote.)

III. 501 c 3 Tax-Exempt Bond Applications

- A. Hampton University - Hampton City - \$50,000,000. Ms. Sisson-Vaughan presented the application to the Board. On a motion by Mr. Thomas, seconded by Vice Chairman Joyce, the Board unanimously approved the modification agreement for the 2009 bond issue. Voting Aye: Chairman Park, Vice Chairman Joyce, Mr. Thomas, Mr. Young, Ms. Storey, Ms. Rao, and Mr. Jacquemin. Voting No: None. (Mr. Boyer was not present for the vote.)

PUBLIC HEARING convened at 12:09 p.m.

- B. Bon Secours Health System, Inc. Obligated Group - Portsmouth City, Henrico, Hanover, and Chesterfield Counties - \$44,000,000. Ms. Sisson-Vaughan presented the application to the Board. On a motion by Vice Chairman Joyce, seconded by Mr. Jacquemin, the Board unanimously approved an inducement and

final resolution authorizing the issuance of funds to refinance existing tax-exempt bonds, pay related interest, fund related debt reserves, and cover associated transaction costs. Voting Aye: Chairman Park, Vice Chairman Joyce, Mr. Jacquemin, Mr. Young, Ms. Rao, Ms. Storey, and Mr. Thomas. Voting No: None. (Mr. Boyer was not present for the vote.)

- C. Virginia Historical Society - Richmond City - \$22,200,000. This application was presented to the Board by Ms. Thorne. On a motion by Mr. Young, seconded by Mr. Thomas, the Board unanimously adopted an inducement and final resolution authorizing the issuance of bonds to renovate facility space and refund 2009 series bond issue. Voting Aye: Chairman Park, Vice Chairman Joyce, Mr. Young, Mr. Thomas, Ms. Rao, Ms. Storey, and Mr. Jacquemin. Voting No: None. (Mr. Boyer was not present for the vote.)

Public Hearing closed at 12:19 p.m. No one from the public attended or requested to speak.

IV. Economic Development Loan Fund Application

- A. Dickenson County IDA - \$2,500,000. Ms. Gilbert presented the application to the Board. On a motion by Mr. Young, seconded by Ms. Storey, the Board unanimously approved the Board of Directors unanimously approved a \$2,500,000 10-year loan through the Economic Development Loan Fund to finance the site preparation for the new Judicial Center in Clintwood. Voting Aye: Chairman Park, Vice Chairman Joyce, Mr. Young, Mr. Thomas, Ms. Rao, Ms. Storey, and Mr. Jacquemin. Voting No: None. (Mr. Boyer was not present for the vote.)

- V. Board Review and Ratification of Loans Approved/Declined by Staff - On a motion by Mr. Thomas, seconded by Ms. Storey, the Board of Directors unanimously ratified loan decisions for March, April, and May 2013 made by staff under its delegated authority. Voting Aye: Chairman Park, Vice Chairman Joyce, Mr. Thomas, Ms. Storey, Mr. Young, Ms. Rao, Mr. Boyer, and Mr. Jacquemin. Voting No: None.

- VI. Board Review and Approval of a Budget Request to be included in the Governor's FY '14 Budget Proposal - Mr. Parsons provided the Board with background, loan activity, and budgetary information on the VSBFA's Small Business Micro Loan Program. In February 2012, the Virginia Small Business Financing Authority (VSBFA) created and self-funded the Small Business Micro Loan Program in response to a need to help small businesses with small dollar credit needs. The program became active in April of 2012 and in a period of 14 months, the VSBFA has approved 51 small business loans for \$965,200. These businesses have created 59 new jobs and retained 147 existing jobs as a result of this financing. The Small Business Micro Loan Program provides direct loans in amounts up to \$10,000 to qualifying Virginia businesses, statewide. For businesses that

are clients of, and receiving technical assistance from, Virginia's Small Business Development Centers (SBDC's) or Virginia's SCORE network, qualifying appreciated by those who have used it. The VSBFA cannot continue to meet annual demand of this program without General Fund support. Mr. Parsons recommended that the VSBFA present a request to the Secretary of Commerce & Trade, through the Director of the Department of Business Assistance, to request \$1 million in new funds in the Governor's FY '14 Budget request. These new funds will supplement the \$1.3 million in VSBFA-generated funds which the VSBFA has already committed to this program and which should be sufficient to meet demand for FY '14. On a motion by Ms. Storey, seconded by Vice Chairman Joyce, the Board of Directors unanimously approved the budget request for new funding for the Small Business Micro Loan Program to be submitted to the Office of the Secretary of Commerce and Trade for approval and inclusion in the Governor's FY '14 budget proposal. Voting Aye: Chairman Park, Vice Chairman Joyce, Ms. Storey, Mr. Thomas, Mr. Young, Ms. Rao, Mr. Boyer, and Mr. Jacquemin. Voting No: None.

- VII. Recognition of Outgoing Board Member - On behalf of the Board and staff, Mr. Parsons and Chairman Park expressed their deep appreciation to Vice Chairman Michael Joyce for his leadership, service, and contributions to the mission of VSBFA in providing financing opportunities for Virginia's small businesses during his tenure from June 2005 to June 2013. Mr. Parsons presented the Vice Chairman with a resolution and gift in recognition of his service.
- VIII. Presentation on Women and Minority-Owned Business Ownership Designation - Ms. Storey provided an overview of the requirements for women and minority-owned designations for government contractors and the potential risk to VSBFA and other lenders providing credit to businesses that are not properly designated as such and the due diligence required to mitigate the risk.
- IX. The meeting was adjourned.